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IMPLEMENTATION OF THE BUSINESS PLAN IN LATIN AMERICA AND THE CARIBBEAN

Report by the Director-General

Addendum

Updates the information provided in document GC.8/8 on measures relating to activities connected with the implementation of the new programmatic approach in Latin America and the Caribbean, in compliance with Board decision IDB.21/Dec.9.

Introduction

1. In its decision IDB.21/Dec.9, the Board drew attention to a number of issues within the framework of UNIDO activities in support of Latin America and the Caribbean. The Board took note of the information contained in document GC.8/8-IDB.21/21 and encouraged the Director-General to present to the General Conference an updated report. The present document therefore provides supplementary information on the integrated programmes for countries in the region, including funds mobilization efforts. It also contains highlights of recent activities that focus on Latin America and the Caribbean within the global forum function of UNIDO, and of field representation in the region.

I. INTEGRATED PROGRAMMES

Bolivia

2. Subsequent to the May 1999 technical mission, an integrated programme document was prepared to assist Bolivia in the implementation of the National Plan for Industrial Competitiveness. UNIDO will support the Plan through strengthening of institutional capacities in the central Government as well as at the departmental and municipal levels. The priority areas of intervention through the programme are: (a) assistance to the development of micro-, small- and medium-scale enterprises within four clusters of agro-based industries; (b) traditional textiles in North Potosi; and (c) industrial utilization of satureja boliviana (Khoa). UNIDO's assistance will focus on policy implementation and entrepreneurship, with special training for women entrepreneurs. Initial activities are under preparation from UNIDO seed money, in the areas of decentralization policy; information management; fostering rural agro-based industries to promote alternatives crops; and in the reinforcement of standardization, metrology and accreditation. One selected donor country has been approached to finance further initial activities. In the field of metrology, activities have been closely coordinated with the Corporacion Andina de Fomento (CAF), also with a view to possible financing.

Colombia

3. As a follow-up to the visit of the Colombian delegation to UNIDO Headquarters in late April 1999, a programming mission was fielded in June in close

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cooperation with the Ministry of Economic Development. The mission concentrated on data collection and an intensive exchange of views in three priority areas, each of which will duly consider ecologically sustainable development aspects: (a) strengthening government and private sector capabilities in continued improvement and quality management; (b) development of methodologies and strategies for improved competitiveness of selected clusters of small- and medium-scale enterprises, particularly in conflict areas; and (c) establishment of regional investment, information and technology promotion centres in selected areas. Based on government recognition of a previous UNIDO project for Colombia, priority is focused on the regional dissemination of the experience gained from that project to establish the structure of regional centres for investment, information and technology (CRIIT). The intention is to build up a network, thereby enabling the authorities to enhance investment strategies.

Cuba

4. Against the background of the technical mission fielded in May 1999, an integrated programme document was prepared to support the National Strategy on Industrial Competitiveness in Cuba. The focus is on: (a) assistance in implementing an industrial policy; (b) more rational use of energy in industry; (c) upgrading agro-based industrial technologies; and (d) environmental protection through the introduction of cleaner production technologies. UNIDO's seed money contribution to the programme will cover energy, information management and technological upgrading of key agro-based sectors. Using UNIDO seed money, the groundwork will be laid for the establishment of a national information management system with the Ministries of Science and Technology, Steel and Metallurgy, and Cooperation and Investment. Key programmes with the Ministries of Food, Sugar Production and Basic Industry have also been initiated. In close cooperation with the Ministry of Science and Technology, negotiations were started with the Global Environment Facility to secure financing for activities in energy and environment. Contacts have also been established with a traditional special-purpose donor for a contribution to the Industrial Development Fund.

Guatemala

5. The integrated programme to support the productive sector in Guatemala was officially signed by the Government and the Director-General in Guatemala City on 16 July. Thereafter, a technical mission was fielded to discuss with national counterpart agencies and UNDP procedures to begin implementation. An executive unit is to be established in the relevant government office to monitor programme activities. While UNIDO seed money has been approved to initiate implementation with the wood and textile component, negotiations are under way with the Government regarding the provision of a significant financial contribution for start-up. Potential also exists for financing the industrial competitiveness component by the Inter-American Development Bank. With this objective, UNIDO participated in the Bank's Consultative Group meeting at Stockholm, Sweden (May 1999) for the reconstruction and transformation of Central America after hurricane Mitch.

Honduras

6. Disruptive effects of the hurricane Mitch disaster have compounded the problems of poverty and unemployment. To support rapid economic recovery and reconstruction in Honduras, UNIDO has prepared an integrated package of services in capacity-building and entrepreneurship development as well as technical upgrading. The programme foresees three areas of assistance: (a) enhancing the effectiveness of competitiveness policies and strategies; (b) entrepreneurship development in micro, small- and medium-scale enterprises, with emphasis on agro-industry and international partnership promotion; and (c) ecologically sustainable environmental management, including cleaner production and municipal waste management. The programme has also been conceived with a view to enhancing the ability of Honduras to mobilize substantial resources pledged by donors at various international forums. UNIDO seed money has been approved to start up all three programme components. Several initiatives to identify financial resources are under way, including negotiations with one selected donor country to sponsor a National Cleaner Production Centre.

Nicaragua

7. A programming mission with the objective of designing and formulating an integrated programme for Nicaragua is under preparation. The programme will complement ongoing efforts of the Government and the international community to mitigate the damage caused by hurricane Mitch. Initially, the plan is to build on earlier UNIDO assistance aimed at poverty alleviation through productive employment creation programmes. The earlier work used UNIDO's small and medium enterprise cluster approach to analyse the economic potential of the dairy, wood, leather, metal-finishing and fruit and vegetable sectors. The strategy now under consideration aims at putting into practice the findings of the cluster analysis and would also focus on the least developed regions of the country.

II. GLOBAL FORUM FUNCTION

8. Within the context of the global forum function and policy advice, UNIDO has undertaken a number of activities in and for Latin America and the Caribbean. In the context of institutional capacity-building at the country level, a subregional workshop on increasing the participation of women in the manufacturing sector was held in close cooperation with the Mercosur countries at Buenos Aires in October 1998. The workshop aimed at formulating a subregional strategy for the promotion and improvement of women's participation in the manufacturing sector. Other activities included a workshop on manufacturing, investment and employment in Trinidad and Tobago (April 1998, with an update workshop in November 1998). An expert group meeting on international quality and environmental standards: non-tariff barriers to trade, was held at Sao Paolo, Brazil (October 1998). Some 25 national experts from the National Cleaner Production Centres of Central America participated in a UNIDO-organized regional cleaner production training workshop conducted by Austrian and Swiss experts at San José, Costa Rica (February 1999). Jointly with the International Centre for High Technology in Trieste, Italy, UNIDO will convene a workshop in November 1999 in the field of technology forecasting and foresight activities, with a focus on Latin America.

9. Issues of particular relevance to Latin America and the Caribbean were frequently the focus in a series of Headquarters in-depth programmatic discussions on the orientation and substantive content of UNIDO services and programmes. Mr. José Botafogo Gonçalves, Brazilian Minister of Industry, Trade and Tourism, highlighted the challenges of global industrialization for Brazil and the impact of Mercosur, as well as the role of multilateral organizations in industrial development, in a presentation in July 1998. The Vice-President of Guatemala, Mr. Luis Flores Asturias, gave a presentation on prospects for international cooperation with Guatemala in the framework of the peace agreement (Vienna, November 1998). In January 1999, Mr. Enrique Iglesias, President of the Inter-American Development Bank, offered a historical overview of the development process in Latin America, its current achievements, shortcomings and future plans. A special forum entitled "What's ahead for post-reform Latin America: Detour and Dangers or Drive and Determination" featured keynote speakers from BBV Securities, The Newmarket Company and the Argentine Ambassador to UNESCO (September 1999).

III. FIELD REPRESENTATION

10. UNIDO field representation in Latin America and the Caribbean has been covered in several documents issued to the policy-making organs subsequent to the seventh session of the General Conference, the most recent of which was to the twenty-first session of the Board. Since that time, the UNIDO office in Montevideo was inaugurated in July 1999 to cover the Mercosur countries. For that office, substantive discussions with the Government of Uruguay and the UNDP office have determined the modalities for operations and administrative cost-sharing.

IV. ACTION REQUIRED OF THE CONFERENCE

11. The Conference may wish to take note of the information provided in the present document.